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SUBJECT: PRESS BULLETIN - January 16, 2009

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Top Headlines

Chosun Ilbo, Seoul Shinmun, All TVs  
Universities Likely to be Allowed to Select Students  
Based on Admission Policies Other Than Students' College Scholastic  
Ability Test (CSAT) Scores  
or High School Performance Records

JoongAng Ilbo  
Japan's Labor and Management Agree on "Job Sharing" among Workers to  
Overcome Economic Crisis; ROK Labor Unions, However, Bent on  
Protecting Their Vested Rights

Dong-a Ilbo  
New Claims for Jobless Benefits Rise 84 Percent in December

Hankook Ilbo  
University Presidents Seek to Abolish "Three Nos" Policy in  
Education (No High School Rankings, No Independent College  
Admissions and No Admissions for Donations), Creating a Stir

Hankyoreh Shinmun  
U.S. Steps up Calls to Renegotiate the KORUS FTA,  
with ROKG Saying "Renegotiation is Impossible"

Segye Ilbo  
Finance Minister Kang Man-soo Certain to be Replaced; Ruling GNP  
Chief Policymaker Lim Tae-hee Seen as Likely Successor

Domestic Developments

11. Deputy Blue House Spokeswoman Kim Eun-hye, in a Jan. 15 regular briefing, said that the ROK's position is that there will be no renegotiation of the KORUS FTA. This remark was made in response to Secretary of State-designate Hillary Clinton's written statement at her confirmation hearing concerning the KORUS FTA. (JoongAng, Hankyoreh)

12. In a related development, Jay L. Eizenstat, a senior trade policy adviser to Obama's transition team, said in a recent interview with Dong-a Ilbo that consultations between the two countries on the KORUS FTA are expected to resume this summer. He went on to say that Congress and the White House will fine-tune the details of the KORUS FTA to come up with more efficient strategies. (Dong-a)

13. Thomas Donohue, president of the U.S. Chamber of Commerce (USCC) in Washington, told reporters in Seoul that there will be no renegotiation of the KORUS FTA, even though there might be a need for "small discussions and adjustments" on provisions of the pact relating to the automobile trade. (Dong-a, Hankook, Segye, Seoul)

14. The National Assembly adopted a resolution on Jan. 13 congratulating President-elect Barack Obama's Jan. 20 inauguration as the 44th President of the U.S. National Assembly Speaker Kim Hyong-o delivered the resolution to U.S. Ambassador to the ROK Kathleen Stephens January 15. (JoongAng, Voice of the People)

## International News

1. Outgoing Secretary of State Condoleezza Rice, in a Jan. 14 document distributed by the State Department, purportedly said that U.S. intelligence authorities believe that North Korea has weapons-grade highly enriched uranium (HEU). (Chosun)

## Media Analysis

### North Korea

Conservative Chosun Ilbo carried a quote from outgoing Secretary of State Condoleezza Rice, who purportedly said in a Jan. 14 document distributed by the State Department: "the (U.S.) intelligence community now believes that there is, undisclosed, either imported or manufactured weapons-grade highly enriched uranium in North Korea."

### KORUS FTA

Secretary of State-designate Hillary Clinton's remarks on the KORUS FTA during her confirmation hearing continued to draw media attention.

Right-of-center JoongAng Ilbo and left-leaning Hankyoreh Shinmun quoted deputy Blue House Spokeswoman Kim Eun-hye as saying in a Jan. 15 regular briefing: "Our position is that there will be no renegotiation of the KORUS FTA." JoongAng, in particular, editorialized: "There is no change in our view that the KORUS FTA was the result of negotiations that succeeded in maintaining the proper balance between the national interests of the two countries. The problem lies with the U.S. auto industry itself, hampered by low fuel efficiency and uncompetitive prices and quality. So why is America trying to shift the blame to the ROK? America should realize why U.S.-made cars have fallen far behind their German and Japanese counterparts, even though they used to have a nearly 50 percent market share in Korea's imported car market. We are concerned that the KORUS FTA, which has been promoted as part of our efforts to strengthen the ROK-U.S. alliance, may hamper the very cause that the agreement was hoped to contribute to."

Conservative Dong-a Ilbo, meanwhile, carried a recent phone interview with Jay L. Eizenstat, senior trade policy adviser to Obama's transition team, in which he said that consultations between the two countries on the KORUS FTA are expected to resume this summer. He was further quoted as saying: "Congress believes more negotiations are required for provisions on auto and various non-tariff barriers, the principal axes of the KORUS FTA. Congress and the White House will fine-tune the details of the KORUS FTA to come up with more efficient strategies. "

Most of the ROK media also gave play to press remarks in Seoul by Thomas Donohue, president of the U.S. Chamber of Commerce (USCC) in Washington: "There will be no renegotiation of the KORUS FTA, even though there might be a need for "small discussions and adjustments" on provisions of the pact relating to the automobile trade."

#### Gaza Conflict

Most of the ROK media reported that Israel shelled the headquarters of the UN Relief and Works Agency in Gaza City yesterday, injuring three staff members. UN Secretary General Ban Ki-moon, who arrived in Israel shortly before the attack as part of a trip to the region to push for a truce, was widely quoted as expressing "strong protest and outrage" to Israel over the shelling of the compound. A senior Western diplomat was also quoted as saying: "Israel appears to be trying to make last-minute gains on the ground before a truce could be imposed to end its offense. It is a classic Israeli strategy."

Citing a BBC report, moderate Hankook Ilbo, meanwhile, reported that Hamas, driven into a corner, expressed its intention to accept a cease-fire plan brokered by Egypt.

#### Opinions/Editorials

##### FTA Floundering

(JoongAng Ilbo, January 16, 2009, Page 26)

Hillary Rodham Clinton, the American Secretary of State-designate, said of the Korea-U.S. FTA at her confirmation hearing: "If the South Koreans are willing to re-engage negotiations on these vital provisions (automobile and non-tariff barrier rules) of the agreement, we will work with them to get to resolution." Charles Rangel, Chairman of the House Ways and Means Committee, said that additional measures to revise the FTA would be on the agenda for 2009. The Korea-U.S. FTA has entered a new phase. In fact, we understand that the incoming Obama Administration is poised to call for a renegotiation of the agreement.

The Korean government maintains its official stance of having no plans to renegotiate the FTA. It is also still sticking to its line that the agreement was the result of negotiations that succeeded in maintaining the proper balance between the national interests of the two nations. For example, American automobiles are a prime thorny issue. But the problem lies with the U.S. auto industry itself, hampered by low fuel efficiency and uncompetitive prices and quality. America's Big Three automakers are staggering under the huge burden of paying medical benefits for retired union workers. So why is America trying to shift the blame to Korea? America should realize why U.S.-made cars have fallen far behind their German and Japanese counterparts, even though they used to have a nearly 50 percent market share in Korea's imported car market.

We had real concerns about such calls for renegotiation of the agreement. We continued to insist that the National Assembly should complete ratification of the agreement early to avoid exactly this miserable situation. But the National Assembly neglected its duty and let the chance slip by. Now we should calmly approach the agreement again. The government and the ruling party should explore the best measure to protect national interests. Legislative ratification in both nations should be considered to avoid repeating the same mistake. It is unjustifiable that U.S. Democrats are using the FTA for political gain. The government, and the ruling and opposition parties, should discuss whether we should renegotiate the agreement with the U.S. The Korea-U.S. FTA, which has been promoted as part of our efforts to strengthen the Korea-U.S. alliance, may hamper the very cause that the agreement was hoped to contribute to.

\* This is a translation provided by the newspaper, and it is identical to the Korean version.

#### Features

Obama Ally Calls Korea-U.S. FTA "Unfinished Business"  
(Dong-a Ilbo, January 16, 2009, Page 3)

By Reporter Kim Jung-ahn

A former Customs Affairs Director for the U.S. Trade Representative who is likely to serve in the Obama Administration calls the Korea-U.S. free trade agreement "unfinished business."

Jay Eizenstat, now an attorney at Miller & Chevalier, served as senior trade policy adviser to Obama's transition team.

"The consultations on the Free Trade Agreement between the two countries are expected to resume this summer. Congress and the White House will fine-tune the details of the agreement to come up with more efficient strategies," he said.

Eizenstat also said the U.S. Trade Representative and the Commerce Department, which are in charge of trade policy, will be more aggressive than under the Bush Administration.

The following is excerpts of a Dong-a Ilbo question and answer session with him.

Q. Do you believe the free trade deal with Korea will be ratified this year?

"I think FTAs with Panama and Columbia will be ratified by Congress in the second half of this year. As for the Korea-U.S. FTA, however, the chances of ratification are remote because of tricky issues including the auto industry."

Q. Do you mean a renegotiation?

"It's not easy to specify whether it would be renegotiation or amendments within the current framework, but the next administration believes an additional process is necessary."

Q. If Korea's National Assembly ratifies the agreement ahead of Congress, do you think it will make congressional support for the deal easier?

"I don't expect much difference. Rather, it will invite a political debacle if the Korean government tries to take political advantage of it."

Eizenstat cited U.S. beef and car imports and non-tariff measures as the most contentious issues surrounding the agreement.

Q. Is Congress dissatisfied with all three issues?

"Most politicians in and out of Washington seem to believe the beef issue has more or less been resolved. But Congress believes more negotiations are required for provisions for auto and various non-tariff barriers, the principal axes of the Korea-U.S. FTA."

Q. Can you be more specific?

"Discrimination by Korean regulatory policy has put American cars at a bigger disadvantage than those from other nations. The prevalent atmosphere in Washington is that the consensus on auto-related measures is unbalanced."

Q. Some experts say Washington is trying to link the U.S. auto industry's lack of competitiveness with foreign trade and commerce.

"Of course, (the U.S. auto industry) has several problems in its own system, industrial structure and others. It will go through streamlining and restructuring procedures. The argument on discrimination against American cars is nothing new."

Eizenstat cited Korea's car tax based on engine size as an example of Korea's auto discrimination.

Though he did not directly mention this, U.S. trade hard-liners cite the 700,000 Korean vehicles sold in the U.S. market each year, while the corresponding number for American automakers in Korea is just 5,000.

Q. Compared to the Bush administration, what characteristics will the Obama administration's trade policy have?

"U.S President-elect Barack Obama will not want to be viewed as protectionist. Consistent support will go to the World Trade Organization and the Doha Development Agenda but focus will be placed on enforcement and litigation of regulations reflecting the demands of U.S. industries (within the World Trade Organization framework). Some complaints can be lodged against regulation clauses on labor and the environment in FTAs with Korea and Columbia."

"The Obama Administration will focus as much on the process as on the negotiation results. Instead of highlighting the achievement of free trade (carrots), it will make efforts to secure equal footing for U.S. industries competing on the global stage."

\* This is a translation provided by the newspaper, and it is identical to the Korean version.

U.S. Embassy Provides Online Information on Visa-free U.S. Travel  
(Kookmin Ilbo, January 16, 2009, Page 5)

By Reporter Ahn Yo-keun

Internet Caf of the U.S Embassy in Korea  
(<http://cafe.daum.net/usembassy>).

"I plan to visit one of my friends in Vancouver, Canada, and take a trip to Seattle, the United States. Can I travel to the U.S. without a visa under the Visa Waiver Program (VWP)? (Written by Kahve)

"Yes. If you qualify for the VWP, you can travel overland from Canada to the U.S." (Answered by Consul General, the U.S. Embassy in Korea)

The U.S. Embassy is offering online counseling on the VWP that was launched last November at its "Caf USA."  
(<http://cafe.daum.net/usembassy>).

Travelers who visit the U.S. for up to 90 days for sightseeing or business, with a valid electronic passport, are eligible for a visa waiver under the VWP. They should also obtain a travel authorization via the Electronic System for Travel Authorization (ESTA) prior to their travel.

In an effort to give help to travelers, the U.S. Embassy in Seoul is offering online information through the 'Visa/Consul Board.' Deputy Consul General Mark Strege had a Web chat with Netizens on a real-time basis. As the internet caf is not widely known yet, there are not many counseling cases.

The question most frequently asked by Internet users is what is going to happen to their already-issued visas under the VWP. Of course, the visas that they already have can be used as much as they want until the visas expire. An Embassy official said on January 15, "If you post a question in Korean on the Web site, we translate it into English, refer it to a related section, translate the answer into Korean again, and post it on the Web site. Therefore, it takes some time to give an answer, but we are not missing any questions."

ROK's Insistence on KORUS FTA Ratification Could Lead to Conflict with U.S.  
(Hankyoreh Shinmun, January 16, 2009, Front Page)

By Reporters Hwang Joon-beom and Lee Yong-in and Washington Correspondent Ryu Je-hoon

Gov't presses ahead with ratification plans, despite Hillary Clinton's comments about renegotiation

Renegotiation of the ROK-U.S. Free Trade Agreement (FTA) is rising as a major issue between the two nations.

In response to U.S. Secretary of State-designate Hillary Rodham Clinton's statements raising the issue of renegotiation (of the

KORUS FTA), the ROKG emphasized that there is to be "no renegotiation." ROKG officials also indicated that the agreement's ratification would be resolved in the National Assembly in February.

Blue House Deputy Spokeswoman Kim Eun-hye said in a Thursday briefing, "I don't know that it would be appropriate for us to talk about a statement made before the inauguration of President-elect Barack Obama takes place in the U.S., but the question of whether the U.S. will demand renegotiation or not is something about which we will have to wait and see." Kim added, "Our position is that there are no renegotiations." When asked whether the National Assembly ratification would take place in February according to current plans, Kim confirmed that it would, saying, "Our position on the National Assembly ratification remains unchanged." A high-ranking official with the trade negotiations section of the Ministry of Foreign Affairs and Trade said, "The U.S. Congress's confirmation hearing is not a place for discussing policy in depth, so we cannot really view this (statement) as an official position." The official added, "There are no changes to our position that there is no renegotiation."

However, on the heels of Senator Clinton's expression of her intent to demand renegotiation of the FTA during her Senate confirmation hearing Tuesday, Representative Charles Rangel, Chairman of the House Committee on Ways and Means, the main permanent committee discussing the ROK-U.S. FTA, said in a Wednesday discussion of this year's legislative priorities with other representatives on the committee that "President-elect Obama wants to see the ratification of three free trade agreements that are currently pending, with the ROK, Colombia and Panama, but the two agreements with the ROK and Colombia are in need of additional measures." In reporting the "Trade Issues in the 111th Congress," (published and distributed by the Senate Finance Committee, Chairman Max Baucus) the U.S. Senate also pointed to automobiles, beef, rice and the Kaeseong Industrial Complex as potential bones of contention in the KORUS FTA. (Note: The beef issue has been discussed separately from the trade deal, the rice issue has been ruled out of the negotiation, and the Kaeseong Industrial Complex issue was settled temporarily.)

In light of this political atmosphere in the U.S., some are concerned about possible trade friction between the ROK and the U.S. if the ROKG pushes through ratification of the agreement in February with a "no renegotiations" stance. Indeed, Representative Sander Levin, Chairman of the Trade Subcommittee of the House Committee on Ways and Means, warned in a press conference Wednesday that the ROK National Assembly's attempt to push through ratification of the agreement in order to apply pressure to the U.S. was a "mistake." He added, "We want a two-way street with the ROK, not a one-way street. Until there's a two-way street, it's unacceptable."

Lee Hae-young, a professor at Hanshin University, said, "Rather than publicly saying, 'The ROK should ratify the FTA before the U.S. does' or 'There is no renegotiation,' the ROK would do well to wait until the U.S. determines its position," adding, "Now is the time to gauge public opinion and overhaul trade-related rules and systems for the sake of our national interests and consider preparing new a trade order and measures for the time after the financial crisis."

\* We have compared the English version on the website with the Korean version and made some changes to make them identical.

Stephens